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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bills introduced in Lok Sabha on the 24th November, 1978:—

BILL No. 76 of 1976

A Bill to provide for establishment of a Paddy Price Stabilisation Corporation for fixation of Price of Paddy every year and for matters connected therewith.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Paddy Price (Fixation) Act, 1978. Short title, extent and commencement
- (2) It extends to the whole of India.
- (3) It shall come into force at once.

2. In this Act, unless there is anything repugnant in the subject or context, "Corporation" means Paddy Price Stabilisation Corporation established under section 3. Definitions.

3. (1) A Paddy Price Stabilisation Corporation shall be established by the Central Government. Establishment of Paddy Price Stabilisation Corporation.

(2) The Management of the affairs of the Corporation shall vest in a Board of Directors Consisting of the following, namely:—

(a) a Chairman to be appointed by the Central Government;

(b) a Vice-Chairman to be appointed by the Central Government from amongst the paddy growers;

(c) twelve members from the paddy growers of which at least two shall represent each major paddy growing State;

(d) one member from the Fertilizer Corporation of India;

(e) four members representing the Governments of major paddy growing States;

(f) two members from the Agricultural Prices Commission;

(g) four members from the agricultural workers.

(3) There shall be a Secretary to the Corporation who shall not have the right to participate or vote in its meetings.

(4) The term of office of the Chairman, the Vice-Chairman and the 23 members of the Corporation shall be two years.

Establishment of Economic Institute.

4. An Economic Institute, with full autonomy, shall be established by the Central Government consisting of agricultural economists, for the purpose of collecting and processing the data regarding the cost, price and income from paddy cultivation in the country.

Fixation and declaration of Price of Paddy.

5. (1) The Corporation shall fix the price of paddy based on the data supplied by the Economic Institute established under section 4.

(2) The price of paddy fixed under sub-section (1) shall be declared by the Corporation before the 1st day of October every year.

(3) The price of paddy shall be reviewed every year.

Appeals to review paddy price.

6. (1) An appeal to review the price of paddy fixed under section 5 may be made by the Paddy growers, either individually or collectively, or by the State Governments, on their behalf, to the Corporation, within a period of four weeks of the declaration of price of paddy by the Corporation.

(2) The decision on appeal made under sub-section (1) shall be given by the Corporation within a period of four weeks from the date of filing of such appeal.

Power of Government to increase the paddy price.

7. The Central Government may increase the price of paddy fixed by the Corporation, either on its own or on a representation made by paddy growers at any time.

STATEMENT OF OBJECTS AND REASONS

The paddy growers are not getting fair price for their paddy as there is no proper machinery to fix the price of paddy and to enforce it. Till now, in the fixation of paddy price, neither the agriculturists nor their representatives are given an opportunity to have a say in the matter. It is necessary that various aspects concerning the paddy production are also taken into account in the fixation of price of paddy.

Hence the Bill.

RAJ KRISHNA DAWN.

NEW DELHI;

The 21st March, 1978.

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the establishment of a Paddy Price Stabilisation Corporation. Clause 4 provides for establishment of an Economic Institute. The Bill, therefore, if enacted is likely to involve a recurring expenditure of about rupees four lakhs from the Consolidated Fund of India.

A non-recurring expenditure of about rupees five lakhs is also likely to be incurred.

BILL No. 77 OF 1978

A Bill to provide for establishment of a Jute Price Stabilisation Corporation for fixation every year of jute prices and declaration thereof and for matters connected therewith.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Jute Price (Fixation) Act, 1978.

(2) It extends to the whole of India.

(3) It shall come into force at once.

Short
title, ex-
tent and
commen-
cement.

2. In this Act, unless there is anything repugnant in the subject or context,—

Defini-
tions.

(a) "Corporation" means Jute Price Stabilisation Corporation established under section 3.

(b) "Jute industry" means the Jute factories.

3. (1) A Jute Price Stabilisation Corporation shall be established by the Central Government.

Establish-
ment of
Jute Price
Stabilisa-
tion Cor-
poration.

(2) The management of the affairs of the Corporation shall vest in a Board of Directors consisting of the following, namely:—

(a) a Chairman to be appointed by the Central Government;

(b) a Vice-Chairman to be appointed by the Central Government from amongst the Jute growers;

(c) ten members from the Jute growers of which at least one shall represent each major Jute growing State;

(d) two members from the Jute factory owners;

(e) one member representing the government Jute factories;

(f) one member from the authority of the Government of India dealing with exports;

(g) one member representing the fertilizer factories of Government of India;

(h) two members from Jute Growers Committee;

(i) one member from the Agricultural Price Commission;

(j) two members from the workers of Jute factories;

(k) four members from the agricultural workers.

(3) There shall be a Secretary to the Corporation who shall not have the right to participate or vote in its meetings.

(4) The term of office of the Chairman, the Vice-Chairman and the members of the Corporation shall be two years.

Establishment of Economic Institute.

4. An Economic Institute, with full autonomy, shall be established by the Central Government consisting of agricultural economists, for the purpose of collecting and processing the data regarding the cost, price and income from jute cultivation in the country.

Fixation and declaration of price of Jute.

5. (1) The Corporation shall fix the price of Jute on the basis of data supplied by the Economic Institute established under section 4.

(2) The price of Jute, fixed under sub-section (1), shall be declared by the Corporation before the 1st day of April every year.

(3) The price of Jute shall be reviewed every year.

Appeals to review Jute price.

6. (1) An appeal to review the price of Jute fixed under section 5 may be made by the Jute growers, either individually or collectively, or by the State Governments, on their behalf, to the Corporation, within a period of four weeks of the declaration of price of Jute by the Corporation.

(2) The decision on appeal made under sub-section (1) shall be given by the Corporation within a period of four weeks from the date of filing of such appeal.

Power of Government to increase the Jute price.

7. The Central Government may increase the price of Jute fixed by the Corporation, either on its own or on a representation made by Jute growers at any time.

Prosecution of defaulting factories.

8. (1) The price of jute fixed under sections 5, 6 or 7, as the case may be, shall be binding on Jute growers and on the Jute industry.

(2) If any Jute factory fails to give the price of Jute so fixed to Jute growers, the Corporation shall have the power to prosecute such defaulting factory.

STATEMENT OF OBJECTS AND REASONS

The Jute growers are not getting fair price for their Jute as there is no proper machinery to fix the price of Jute and to enforce it. Till now, in the fixation of price of Jute, neither the agriculturists nor their representatives are given an opportunity to have a say in the matter. It is necessary that various interests concerning the Jute production are also consulted in the fixation of price of Jute.

Hence the Bill.

NEW DELHI;

RAJ KRISHNA DAWN.

The 22nd March, 1978.

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the establishment of a Jute Price Stabilisation Corporation. Clause 4 provides for establishment of an Economic Institute. The Bill, therefore, if enacted is likely to involve a recurring expenditure of about rupees four lakhs from the Consolidated Fund of India.

A non-recurring expenditure of about rupees five lakhs is also likely to be incurred.

BILL No. 144 OF 1978

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Constitution (Amendment) Act, 1978.

Short title
and com-
mence-
ment.

(2) It shall come into force at once.

2. In clause (2) of article 19 of the Constitution, after the word "Court", the words "or contempt of any Commission appointed under any law to provide for appointment of Commissions of Inquiry and for vesting such Commission with certain powers," shall be inserted.

Amend-
ment of
article
19.

STATEMENT OF OBJECTS AND REASONS

In regard to matters of public importance, various Commissions are appointed under relevant law. However, these Commissions cannot be called Courts nor the proceedings conducted by them can be called judicial proceedings. The result is that such a Commission cannot punish any insult shown to it or interruption caused in its work. If a person, say, sounds a conch or talks non-sense loudly in the room where such a Commission is conducting its proceedings it cannot punish that person. Section 228 of the Indian Penal Code or section 345 of the Code of Criminal Procedure cannot be taken advantage of by a Commission.

At the same time, unless article 19 is suitably amended, such a Commission, even if the concerned Act is amended, cannot be termed as a Court nor its proceedings can be treated as judicial proceedings.

Hence this Bill.

R. D. GATTANI.

NEW DELHI;

The 18th July, 1978.

BILL No. 153 OF 1978

A Bill further to amend the State Bank of India Act, 1955 to provide for representation of employees and Officers on the Local Boards of the Bank and for other matters.

WHEREAS provision has been made for the appointment of one director each from among the employees who are workmen and from among such of the employees who are not workmen, on the Central Board of Directors of the Bank.

WHEREAS the State Bank of India has apart from the Central Board, 9 Local Boards at each of its 9 local head offices and whereas it is expedient to provide for appointment of employee-officer Directors on the Local Boards.

Be it enacted by Parliament in the Twenty-ninth year of the Republic of India as follows:—

1. (1) This Act may be called the State Bank of India (Amendment) Act, 1978.

(2) It shall come into force immediately.

Short
title and
commen-
cement,

Amend-
ment of
Section
21.

2. In sub-section (1) of section 21 of the State Bank of India Act, 1955, after clause (b) the following clauses shall be inserted, namely:—

23 of
1955.

“(bb)—one director from among the employees of the State Bank who are workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;

(bbb)—one director from among such of the employees of the State Bank as are not workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act.”

STATEMENT OF OBJECTS AND REASONS

The Government of India has accepted the principle of participative management. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 provided that, one director representing employees and one director representing officers, be appointed on the Boards of Directors of the fourteen Nationalised Banks.

By the State Banks Laws (Amendment) Act, 1973 similar provision has been made for appointment of employee and officer-directors on the Central Board of State Bank of India as well on the Boards of the seven Subsidiary Banks of the State Bank of India, namely, State Bank of Mysore, State Bank of Hyderabad, State Bank of Travancore, State Bank of Bikaner & Jaipur, State Bank of Saurashtra, State Bank of Patiala and State Bank of Indore.

The State Bank of India is the largest unit among the State Sector Banks. It accounts for nearly one third of the banking industry.

The Organisational structure of State Bank of India is also far different from the other Nationalised Banks. The State Bank of India is divided into 9 Circles, each Circle is as big as any other Nationalised Bank, in terms of network of branches, number of employees/officers and the volume of business.

In addition to the Central Board of Directors, section 21 of the State Bank of India Act, provides that "There shall be constituted at each place where the State Bank has a local head office, a Local Board...."

Presently the State Bank of India has local head offices and consequently Local Boards have been constituted at the following 9 places.

<i>Place</i>	<i>Area Served</i>
1. Ahmedabad	Gujarat.
2. Bengal	West Bengal, Orissa, Assam and other Eastern States and Union Territories.
3. Bhopal	Madhya Pradesh.
4. Bombay	Maharashtra.
5. New Delhi	Punjab, Haryana, Jammu & Kashmir, Himachal Pradesh, Rajasthan, part of U.P. Delhi & Chandigarh.
6. Hyderabad	Andhra Pradesh.
7. Kanpur	U.P.
8. Madras	Tamilnadu, Karnataka, Kerala and Pondicherry.
9. Patna	Bihar.

Section 21B of the Act states that "Save as may otherwise be prescribed and subject to any general or special directions which the Central Board may give from time to time, a Local Board shall, in respect of the area served by the branch register of the local head office, for which the Board has been constituted exercise all powers and perform *all functions and duties of State Bank and* exercise such other powers and perform such other functions and duties as may be conferred on or assigned to it by the Central Board."

In effect therefore the Local Boards of State Bank of India perform all functions as far as their area is concerned which Boards of other Nationalised Banks perform. The Central Board of the State Bank of India is charged only with "general superintendence and direction of the affairs and business of State Bank of India and to do all such acts and things as may be exercised by State Bank and are not by the Act expressly directed to be done in general meeting." The main functional Boards are the Local Boards.

Having regard to the size of State Bank of India, the large number of employees and officers and the need for fair representation to them in view of the special organisational structure of the Bank, it is necessary that employees—officers are associated with Local Boards of State Bank of India by appointing one director each from among the employees and officers.

Hence this Bill.

NEW DELHI;

SAUGATA ROY.

The 24th July, 1978.

BILL No. 152 OF 1978

A Bill further to amend the State Bank of India Act, 1955.

WHEREAS it is expedient to make specific provisions for the State Bank of India to make regulations in regard to terms and conditions of appointment and service of its employees, advisers and officers.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the State Bank of India (Amendment) Act, 1978.

Short
title and
commence-
ment.

(2) It shall come into force immediately.

2. In section 43 of the State Bank of India Act, 1955 (hereinafter referred to as the principal Act), in sub-section (1), the words “and determine the terms and conditions of their appointment and service” shall be omitted.

Amend-
ment of
section
43.

3. In section 50 of the principal Act, in sub-section (2), for clause (n), the following clause shall be substituted namely:—

Amend-
ment of
section
50.

“(n) the method of recruitment, terms and conditions of service, duties and conduct of officers, other employees, advisers and agents of the State Bank;”

STATEMENT OF OBJECTS AND REASONS

Section 43 of the State Bank of India Act, 1955 enables the State Bank of India to appoint such number of employees, advisers and officers as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

The Bank has in its service presently about 25,000 Officers and 1,00,000 employees. The terms and conditions of service of the employees have been determined by the Awards of National Tribunals and in recent times through settlements with Unions, under section 18 of the Industrial Disputes Act, 1947. These terms cover the rules of conduct and discipline of the employees and also provide for a procedure for taking disciplinary action for breach of the conduct rules. Actions taken under these disciplinary rules are subject to judicial review. Security of employment and protection against arbitrary actions or excesses of the executive are thus provided to the employees.

The State Bank of India has framed a set of rules called the State Bank of India (Supervising Staff) Service Rules. The services of Officers are governed by these rules. It is claimed that these rules are not framed in exercise of power conferred by section 50 of the State Bank of India Act, and therefore it is contended by the Management that the rules are not statutory. The terms and conditions of service embodied in these rules are taken to be a contract of service. Consequently actions taken under these rules are precluded from judicial review. A clear judicial opinion on whether the rules have the force of law or not is yet to be expressed by the highest judicial authority of the country. However, now and then litigations arise at different courts over the issue.

The State Bank employs the largest work force of 25,000 Officers. It is a monolithic organisation with 5,000 branches spread over the entire country. Its administration is decentralised and the power diffused between different executives. In such a situation, there exists scope for subjective, arbitrary or wrongful actions on the part of executives, which may affect the tenure of an officer adversely. The Officers of the State Bank of India are organised under an "All India State Bank Officers' Federation". All Officers owe allegiance to this Federation. The objectives of the Federation include "protection of its members against arbitrary actions and/or injustices done by the Management". In pursuance of this objective, the Federation is driven to resort to trade union actions, in the absence of any other statutory remedy. Such actions, affect the productivity and services of the Bank. It is therefore necessary to provide a legal forum for settlement of the disputes relating to security of employment.

The service rules in other public sector undertakings like the Life Insurance Corporation of India, the General Insurance Corporation of India, the Industrial Finance Corporation of India, the Oil and Natural Gas Commission, the Reserve Bank of India, all the 14 nationalised banks

and 7 subsidiaries of the State Bank of India are statutory. The enactments under which these corporations/bodies have been set up provide for statutory regulations to be made by them governing the terms and conditions of their officers.

It is, therefore, necessary that the State Bank of India Act, 1955 is amended to remove the present ambiguity and to specifically provide that the Central Board shall make regulations under section 50 of the State Bank of India Act to determine the terms and conditions of service of the Officers.

Hence this Bill.

NEW DELHI;
The 24th July, 1978.

SAUGATA ROY.

BILL No. 148 OF 1978

A Bill to provide for the establishment of a permanent Bench of the High Court at Allahabad at Meerut.

Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the High Court at Allahabad (Establishment of a Permanent Bench at Meerut) Act, 1978.

Establishment of a Permanent bench of High Court at Allahabad at Meerut.

2. There shall be established a permanent bench of the High Court at Allahabad at Meerut, and such Judges of the High Court at Allahabad, being not less than three in number, as the Chief Justice of that High Court may, from time to time nominate, shall sit at Meerut in order to exercise the jurisdiction and power for the time being vested in that High Court in respect of cases arising in the districts of Uttar Kashi, Tehri Garhwal, Chamoli, Dehradun, Saharanpur, Muzaffarnagar, Meerut, Bulandshahr, Aligarh, Mathura, Agra, Etah, Mainpuri, Bijnor and Moradabad.

STATEMENT OF OBJECTS AND REASONS

Uttar Pradesh has the largest population among the States of the Indian Republic. There is need and necessity of locating a bench of the High Court at Allahabad in the western part of the State in the interest of administration of speedy and cheap justice and the facility of the litigant public. The Bill provides for the establishment of such a bench.

NEW DELHI;

K. PRAKASH.

The 25th July 1978.

BILL No. 146 OF 1978

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Constitution (Amendment) Act, 1978.

Amend-
ment of

2. In the Eighth Schedule to the Constitution,—

entries 3 to 8 shall be re-numbered as entries 4 to 9 respectively and before entry 4 as so re-numbered, the entry "3. Dogri." shall be inserted;

entries 9 to 15 shall be re-numbered as entries 11 to 17 respectively, and before entry 11 as so re-numbered, the entry "10, shall be inserted.

STATEMENT OF OBJECTS AND REASONS

Under the Eighth Schedule to the Constitution, only 15 languages of India have been included. Dogri is the main language of the Jammu region of Jammu and Kashmir State, and is also spoken by a large number of people in the neighbouring regions. It claims a vast literature besides rich folklore. The Sahitya Akademi has recognized it as an independent literary language and it is but proper that Dogri is also recognized as one of the languages incorporated in the Eighth Schedule.

Nepali is also spoken by over fourteen lakh Indian citizens according to the 1971 census, specially in the Darjeeling District of West Bengal, Sikkim and contiguous areas. It has a rich literary tradition and there is no reason why it should be deprived of its due status as one of the languages included in the Eighth Schedule.

The Bill seeks to achieve these objectives.

NEW DELHI;

KARAN SINGH

The 2nd August, 1978.

BILL No.149 of 1978

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title
and com-
mence-
ment.

1. (1) This Act may be called the Constitution (Amendment) Act, 1978.

2. After article 41 of the Constitution, the following article shall be may, by notification in the Official Gazette, appoint.

Inser-
tion of
new
article
41A.

2. After article 41 of the Constitution, the following article shall be inserted, namely:—

Removal
of un-
employ-
ment.

“41A. The State shall take steps to prepare and implement the ‘Employment Guarantee Scheme’ to remove the unemployment of the poor citizens and to ameliorate the condition of chronically unemployed or persons below the poverty line within a period of ten years commencing from the financial year 1978-79.”.

STATEMENT OF OBJECTS AND REASONS

The right to work should be a fundamental right for every citizen in the Constitution of India.

The principal objectives of the 1978—83 Plan have been accepted for the removal of unemployment and under-employment for the poorest section of the people within a period of 10 years. Nearly 40 crores of the people are below poverty line. It is, therefore, necessary that a separate plan to fight poverty must be drawn up and implemented during the first tenure of five years of the Janata Government. It is also admitted that there are 4 million persons chronically under-employed who remain unemployed throughout a long period and they mostly belong to rural parts of the country. Hence Employment Guarantee Scheme should be introduced on national scale to attack the problem of unemployment directly in rural areas. The seriousness of the problem has been undoubtedly realised by the present Government. Poverty has been a disease prevalent in the country because of faulty policy for 30 years by the past Government. It is to be cured on war level. The enactment of the proposed amendment Bill would be solution of the problem.

NEW DELHI;
The 3rd August, 1978.

ROOP NATH SINGH YADAV

BILL NO. 147 OF 1978

A Bill further to amend the Constitution of India.

Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title
and Com-
mence-
ment.

1. (1) This Act may be called the Constitution (Amendment) Act, 1978.

(2) It shall come into force at once.

Insertion
of new
article
332A.

2. After article 332 of the Constitution, the following article shall be inserted, namely:—

Reserva-
tion of
seats for
Schedu-
led
Castes
and Sched-
uled
Tribes
in local
bodies.

“332A. (1) Seats in all local bodies, including Gaon Panchayats, in every State and the Office of the Chairman, President or Mayor, as the case may be, of such bodies shall be reserved for the Scheduled Castes and the Scheduled Tribes for a period of ten years from the commencement of this constitution (Amendment) Act;

(2) The number of seats reserved for the Scheduled Castes and the Scheduled Tribes in the local bodies of any State under clause (1) shall be determined on the basis of their population in the State in respect of which the seats are so reserved.”

STATEMENT OF OBJECTS AND REASONS

It is true that during the past thirty years the citizens, belonging to Scheduled Castes and Scheduled Tribes in every state, are not at all represented at the high office of President, Chairman and Mayor of all local bodies, namely, Municipalities, Zila Parishads, Nagar Mahapalikas, Gaon Sabhas, etc. in the elections to these bodies. In order to ensure proper and adequate representation of these poor and down-trodden people of the country, it is necessary that a special provision be made in the Constitution of India. The percentage of the Scheduled Castes and Scheduled Tribes in the country is about 22 per cent of the total population. Still, the Scheduled Caste and Scheduled Tribe candidates are not elected to the high offices of local bodies. They cannot be elected unless seats for such offices are reserved in their favour. In order to safeguard the interest of these backward people the necessity has arisen to further amend the Constitution. This Bill will bring social equality between man and man and thereby enhance the prestige of the nation. The reactionary elements will also disappear.

Hence this Bill.

NEW DELHI;
The 4th August, 1978.

ROOP NATH SINGH YADAV.

BILL No. 150 OF 1978

A Bill further to amend the Salary, Allowances and Pension of Members of Parliament Act, 1954.

BE it enacted by Parliament in the Twenty-ninth year of the Republic of India as follows:—

Short
title.

1. This Act may be called the Salary, Allowances and Pension of Members of Parliament (Amendment) Act, 1978.

Amend-
ment of
section 3.

2. In section 3 of the Salary, Allowances and Pension of Members of Parliament Act, 1954 (hereinafter referred to as the principal Act),—

(a) for the words “Five hundred rupees” the words “One thousand rupees” shall be substituted;

(b) for the words “Fifty-one rupees” the words “Seventy-five rupees” shall be substituted.

Amend-
ment of
section 4.

3. In section 4 of the principal Act,—

(a) in sub-section (1), in sub-clause (ii) of clause (c), for the words “one rupee” the words “two rupees” shall be substituted;

(b) in sub-section (2),—

(i) for the words “in place of travelling allowance which would have been admissible to him if he had travelled by rail or steamer, as the case may be:” the following shall be substituted namely:—

“if the member grants a certificate in writing that for given reasons the journey could not be performed by rail or steamer, as the case may be.”;

(ii) the proviso shall be omitted.

4. In section 5 of the principal Act,—

Amend-
ment of
section 5.

(a) in sub-section (1),—

(i) the first proviso shall be omitted;

(ii) for the second proviso, the following proviso shall be substituted, namely:—

“Provided that if the member performs the journey by air for visiting any place in India, he can do so,—

(a) not more than five times during a session lasting more than seventy five days;

(b) not more than thrice during a session lasting for forty-five days or less than sixty days; and

(c) not more than once during a sitting of the Committee.”;

(d) in sub-section (2), the word “second” shall be omitted.

5. In section 6B of the principal Act,—

Amend-
ment of
section 6B.

(a) in clause (i),—

(i) for the words “in first class air-conditioned” the words “in first class including air-conditioned first class coach” shall be substituted;

(ii) the words “on payment of the difference between the railway fares for first class air-conditioned and first class” shall be omitted;

(b) in clause (iii),—

(i) after the words “first class” the words “including air-conditioned” shall be inserted;

(ii) for the words “once during every session” the words “twice during every session lasting for seventy-five days or more and once during every other session” shall be substituted;

(c) after clause (iii) the following shall be inserted, namely:—

(iv) to one free second class railway pass for one person to accompany the spouse; if she is female, of the member in the event of her husband not accompanying her, as her escort and attendant;

Provided that such escort or attendant accompanying a female spouse of a member shall be eligible to travel in the first class or first class air-conditioned on payment of the difference between the first class or air-conditioned first class and second class for the whole or part of the journey performed.”;

(d) the existing proviso shall be omitted.

Amend-
ment of
section 8.

6. In section 8 of the principal Act,—

(a) for the words “such medical facilities” the words “free medical facilities” shall be substituted;

(b) for the words “such housing,” the words “free furnished housing and to such” shall be substituted.

Amend-
ment of
section
8A.

7. In section 8A of the principal Act, after the words “a period of five years” the words “or one full term of his/her membership whichever is less” shall be inserted.

Amend-
ment of
section 9.

8. In section 9 of the principal Act, in sub-section (3),—

(a) in clause (f), the words “medical, housing,” shall be omitted;

(b) after clause (f), the following clause shall be inserted, namely:—

“(ff) the provision for payment of rail or steamer or road mileage or air passage to one constant companion of any member who may be physically deformed or incapable or disabled to perform any journey alone by himself or herself; and”

STATEMENT OF OBJECTS AND REASONS

Section 3 of the Act sought to be amended provides for salary to Members of Parliament at the rate of rupees five hundred only per mensem and rupees fifty-one for each day during any period of residence on duty. The members have to reside most of the time at Delhi, of which the cost of living index has gone up on 15th August, 1978 to 327 against 100 in 1960. Since it is uneconomic to keep two establishments at home in the constituency and at Delhi, most members have brought their families and dependents to Delhi to live with them. For greater attention to Parliamentary work, company of family members is also helpful. Electors from the constituency also come to live as guests with the members. With the paltry sum of Rs. 500 in a place like Delhi, no member can live a respectable life for the service of the people. The deductions for housing and other facilities and so called amenities out of the salary and amount paid in lieu of additional facilities leave hardly a week's expenses out of the salary and allowances to which the Members are entitled to.

The salary together with the amount paid in lieu of additional facilities together IS THE LOWEST IN THE WORLD. In Indian rupee value, countries like Cyprus pays its M.Ps. Rs. 1,622.00 as salary and Rs. 1,081.00 as representation allowance per mensem. Pakistan where cost of living is not higher than it is in India, pays Rs. 2,362.00 as salary per mensem and Rs. 78.75 as daily allowance and Rs. 39.38 as daily conveyance allowance. Of other smaller European and African States, Switzerland pays Rs. 1,547.00 as salary and Rs. 256.00 as daily allowance, Tanzania pays Rs. 1,189.00 as salary and Rs. 76.00 as daily allowance, Norway pays Rs. 7,820.00 as salary plus Rs. 90.00 a day as allowance, Yugoslavia pays Rs. 2,100.00 as salary and Rs. 125.00 as daily allowance, and Netherlands pays Rs. 5,466.00 per mensem. INSIDE this country, the State of Uttar Pradesh pays its M.L.As and M.L.Cs Rs. 1,000.00 as salary plus free accommodation at Lucknow City with other facilities. It is strange that the Members of the Parliament are paid even less than what a State has been paying to Members of their Legislative Assembly. The members of Parliament are required to live on lawful means and free from corruption.

It being necessary to reside in Delhi for nearly 8 months in the year, they are expected to visit their constituencies in calamities like flood, drought, cyclone and earthquake particularly during the long and short sessions when all questions form immense proportions. They should be facilitated to visit their constituencies atleast at intervals of two weeks during sessions. For this, number of intermediate journeys should be slightly enhanced. The wives of the members while travelling by train need an escort in view of the crimes on running trains despite presence of RPF. Members generally do not travel with attendants. This facility may be extended to female spouse of the members who travel only on limited occasions. There may be physically incapable members, who may need a constant companion in rail and air travel, but he cannot afford to bear the fare and passage from his own paltry earning as such.

Compared to the Members of Parliament, who are entitled to facilities of class I officers and more, the salaried class I officers of the Government of India are being paid much higher salaries, not to speak of bank clerks even, with modern housing and pool vehicles. The M.Ps are given congested, old and unspacious stinky flats without attached servant's quarters, garages, front lawns, where they can live in peace and study parliamentary papers and prepare their notes for debates and questions. Almost twice the amount paid in lieu of additional facilities is taken out of the total emoluments drawn by them. Rent is charged at high rates by CPWD for door mat to shaky bedsteads, tables and teapoys. Water supplied is dirty, electricity faulty, and attendance for improvement is rare and far between. The telephone is wholly unserviceable. The little secretarial service given cannot meet the demand of all M.Ps. They have to hire private typewriters at Rs. 85.00 p.m. and stenos demanding Rs. 250.00 per mensem for barely two hours a day.

These are some of the grievances of the Members of Parliament, who are aggrieved and complaining. Though demands should be higher, still considering the poverty of the people of the country, the Bill seeks to fix the salary of the member at Rs. 1,000.00 per mensem, besides free furnished housing and medical facilities in addition to the benefits so far granted in cash in lieu of other additional facilities. A healthy, content and ideal community of M.Ps. are necessary to run the Government of the country free from want and weaknesses.

Hence the Bill.

NEW DELHI;
The 19th August, 1978.

PURNANARAYAN SINHA.

FINANCIAL MEMORANDUM

Sections 3, 4, 6B, 8 and 9 of the Salary, Allowances and Pension of Members of Parliament Act, 1954 provide for salary, allowances and amounts in lieu of additional facilities. Under clauses 2, 3, 4 and 5 of the Bill, it is proposed to pay an additional five hundred rupees as salary to each Member of the Parliament and free housing accommodation besides little more concession in rail travelling. The members are entitled to free medical facility. This is being embodied in clause 6 of the proposed Bill. No change has been made in respect of services, like supply of water, electricity, charges on telephones and secretarial facilities.

2. The financial implications are as follows:—

- (i) Salary of Rs. 1,000.00 per month instead of Rs. 500.00 now being paid to the member.
- (ii) Remission of rent for flat type accommodation provided to the members with a standard class of furniture.
- (iii) Nominal additional rail fare involved in allowing an attendant/escort with only wives of members for their journeys to and from Delhi on limited number of occasions.
- (iv) Air passage for an escort for the lone blind member on such rare occasions that he has to travel by air.
- (v) One additional intermediate journey for members during sessions of the Parliament which may sit for more than forty-five days.
- (vi) Privilege to members to travel in first class air-conditioned trains without payment of difference between the first class and air-conditioned first class fares.
- (vii) When journeys are performed by road to allow rupees two per kilometre instead of rupee one as at present.

3. It is not possible, at present, to assess the recurring expenditure that is involved but in any case it will not be more than Rs. 43,00,000 a year with a view to ensure greater attention with honesty and integrity in the affairs of the State by the Members of Parliament. The additional amount will have to be met from the Consolidated Fund of India.

4. No non-recurring expenditure is likely to be involved from the Consolidated Fund of India.

BILL No. 145 OF 1978

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title

1. This Act may be called the Constitution (Amendment) Act, 1978.

Amend-
ment of
article
21.

2. Article 21 of the Constitution shall be renumbered as clause (1) thereof and after clause (1) as so renumbered, the following clause shall be inserted, namely:—

“(2) No person shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.”.

STATEMENT OF OBJECTS AND REASONS

The Bill seeks to provide for freedom from torture and cruel, inhuman or degrading treatment or punishment. Recent experience, too, reinforces the need for a constitutional guarantee in this behalf.

Hence the Bill.

G. M. BANATWALLA.

NEW DELHI;

The 29th August, 1978,

BILL No. 151 OF 1978

A Bill to canalise purchase of raw jute through the Jute Corporation of India Limited with a view to ensuring remunerative prices to the jute growers and steady supplies to the jute manufacturers at stable prices.

Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short title,
extent
and com-
mence-
ment.

1. (1) This Act may be called the Canalisation of Raw Jute Purchase Act, 1978.

(2) It extends to the whole of India.

(3) It shall be deemed to have come into force on the 1st day of July, 1978.

Defini-
tions.

2. In this Act, unless the context otherwise requires,—

(a) "Corporation" means the Jute Corporation of India Limited;

(b) "raw jute" means the fibre of jute also known as *pat*, *kosta*, *nalita*, *bimli* or *mesta*;

(c) "jute mill" means the manufacturer of jute textiles such as hessian and sacking cloth, twine, yarn and any other article made wholly or in part from jute fibre;

(d) "Government" means the Central Government;

(e) "prescribed" means as prescribed by rules made under this Act.

3. No jute mill, after the commencement of this Act, shall purchase its requirements of raw jute from any person, firm or company other than the Jute Corporation of India Limited.

Prohibition of purchases by jute mills.

4. (1) The Corporation shall, with the previous approval of the Government, fix prices from time to time for the purchase and sale of different varieties and grades of raw jute, whether locally grown or imported, in the manner prescribed.

Functions of the Corporation.

(2) The Corporation may vary the prices under sub-section (1) with the previous approval of the Government.

(3) The prices fixed by the Corporation shall be given publicity in the manner prescribed.

5. The Central Government may, whenever it may deem necessary, recover from the jute mills sums due to the Corporation arising from the sale of raw jute, as if they are dues recoverable as arrears of land revenue.

Power to recover dues.

6. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

Power to make rules.

(2) Every rule made under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions.

7. Contravention of any of the provisions of this Act or the rules made thereunder shall be punishable with fine which may extend to rupees five thousand or with imprisonment up to one year or both.

Penalty for contravening the provisions of this Act.

8. The Central Government may, by notification in the Official Gazette, suspend, for such period as it may deem fit, the operation of any of the provisions of this Act, in all or any of the States and Union territories.

Power for suspension of operation of provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

The jute growers are being exploited by the jute merchants and jute mill owners. Because of this, the jute growers are suffering very much and therefore the extent of production of jute is varying every year marring the steady supplies to the jute manufacturers at stable prices.

With a view to ensure remunerative prices to the jute growers and steady supplies to the jute manufacturers at stable prices, the canalisation of jute is necessary.

Hence the Bill.

New Delhi;
The 2nd September, 1978.

P. RAJAGOPAL NAIDU.

FINANCIAL MEMORANDUM

Clause 3 of the Bill envisages levy purchases of jute by the jute mills from the Jute Corporation of India. Therefore, it would require at least a capital of 10 crores of rupees for the purpose. To implement the provisions of this Bill, extra establishment may also become necessary for which a recurring expenditure of rupees 10 lakhs would be necessary.

2. The Bill will not involve any non-recurring expenditure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (1) of clause 4 of the Bill empowers the Jute Corporation of India to fix up prices for the purchase or sale of all varieties of jute in the manner prescribed under the rules.

2. Sub-clause (3) of clause 4 of the Bill empowers the Jute Corporation of India to give publicity of the prices fixed for the jute in the manner prescribed under the rules.

3. Sub-clause (1) of clause 6 of the Bill empowers the Central Government to make rules by notification to carry out the purposes of this Bill.

4. The matters in relation to which regulations or rules which may be made are matters of procedure and administrative detail and as such, the delegation of legislative power is of normal character.

BILL No. 154 OF 1978

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. This Act may be called the Constitution (Amendment) Act, 1978.

Short
title.

2. In the Eighth Schedule to the Constitution,—

Amend-
ment
of
Eighth
Sche-
dule.

(a) entries 3 to 6 shall be re-numbered as entries 4 to 7 respectively, entry 7 shall be re-numbered as entry 9, entry 8 shall be re-numbered as entry 11, entries 9 to 15 shall be re-numbered as entries 13 to 19 respectively;

(b) before entry 4 as so re-numbered, the entry "3. Dogri" shall be inserted;

(c) before entry 9 as so re-numbered, the entry "8. Konkani" shall be inserted;

(d) before entry 11 as so re-numbered, the entry "10. Manipuri" shall be inserted;

(e) before entry 13 as so re-numbered, the entry "12. Nepali" shall be inserted.

STATEMENT OF OBJECTS AND REASONS

Ever since coming into being of the Constitution, certain regional languages have developed considerably. Literature and other works have flourished and these regional languages represent regional aspirations.

Dogri, Konkani, Manipuri and Nepali are four such languages which have developed into full-fledged languages. Besides Konkani, Manipuri and Nepali have become the languages of the new States of Goa, Manipur and Sikkim where it is used in the Legislative Assemblies and other Government work. Dogri is the sole language of the people of Jammu in the State of Jammu and Kashmir. All these languages have a clear and distinct script.

There has been a great discontentment among the people of these regions that their languages are not being recognised properly. To fulfil their aspirations, these languages should be included in the Eighth Schedule to the Constitution.

CALCUTTA;

SAUGATA ROY.

The 3rd October, 1978.

BILL No. 131 OF 1978

A Bill further to amend the Constitution of India

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

- | | |
|---|--------------------------|
| 1. This Act may be called the Constitution (Amendment) Act, 1978. | Short title. |
| 2. In article 22 of the Constitution, after clause (7), the following clause shall be inserted, namely:—

“(8) Notwithstanding anything in the Constitution, no law providing for preventive detention shall operate in respect of any citizen of India except during the period when a proclamation of emergency is in operation.” | Amendment of article 22. |
| 3. Clauses (2), (2A), (2B), (3), (4), (5) and (6) of article 31 of the Constitution shall be omitted. | Amendment of article 31. |
| 4. Article 31A of the Constitution shall be omitted. | Omission of article 31A. |

Omission
of article
31B.

5. Article 31B of the Constitution shall be omitted.

Omission
of article
31C.

6. Article 31C of the Constitution shall be omitted.

Substitu-
tion of
article
51A.

7. In the Constitution for Part IV-A and article 51A thereunder, the following article shall be substituted, namely:—

En-
courage-
ment of
citizens
to abide
by Con-
stitution,
etc.

“51A. The State shall endeavour by education, propaganda and otherwise to encourage every citizen of India—

(a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;

(b) to cherish and follow the noble ideals which inspired our national struggle for freedom;

(c) to uphold and protect the sovereignty, unity and integrity of India;

(d) to defend the country and render national service when called upon to do so;

(e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic regional or sectional diversities and to renounce practices derogatory to the dignity of women;

(f) to value and preserve the rich heritage of our composite culture;

(g) to protect and improve the natural environment including forests, lakes, rivers and wild life, and to have compassion for living creatures;

(h) to develop the scientific temper, humanism and the spirit of inquiry and reform;

(i) to safeguard public property and to abjure violence; and

(j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement.

Amend-
ment of
article
105.

8. In article 105 of the Constitution, to clause (3), the following proviso shall be added at the end, namely:—

“Provided that the powers, privileges and immunities of each House of Parliament and of the Members and Committees of each House, if not defined by Parliament by law, within two years from the date on which this Act comes into force, shall be subject to the provisions of Part III of the Constitution.”

Amend-
ment of
article
134.

9. In article 134 of the Constitution, in sub-clause (a) of clause (1), for the word “death”, the word “imprisonment” shall be substituted.

Amend-
ment of
article
194.

10. In article 194 of the Constitution, to clause (3), the following proviso shall be added at the end, namely:—

“Provided that the powers, privileges and immunities of a House of the Legislature of a State, and of the members and the Committees

of a House of such Legislature, if not defined by the Legislature by law, within two years from the date on which this Act comes into force, shall be subject to the provisions of Part III of the Constitution.”.

11. In clause (1) of article 359 of the Constitution, after the words “Part III”, the words “except articles 21 and 22”, shall be inserted.

Amend-
ment of
article
359.

12. In the Seventh Schedule to the Constitution, in List III—Concurrent List, in entry 23, the following shall be added at the end, namely:—

Amend-
ment of
Seventh
Schedule.

“improvement and clearance of areas and habitations declared by law to be slums and the movement, employment, settlement and welfare of the residents thereof.”.

13. Ninth Schedule to the Constitution shall be omitted.

Omission
of
Ninth
Schedule.

STATEMENT OF OBJECTS AND REASONS

Our commitment to the Rule of Law requires that preventive detention be totally outlawed except during the period of operation of proclamation of emergency under the Constitution of India. This is in accord with the resolution of the International Commission of Jurists at the Bangkok Conference to the following effect:

“Save during a period of public emergency threatening the life of the nation, no person of sound mind shall be deprived of his liberty except upon a charge of a specific offence, and preventive detention without trial shall be contrary to the rule of law.”

Even during the period of Emergency when a citizen can be detained without trial, preventive detention should be subject to the limitations and obligations mentioned in clauses (4) to (7) of article 22 of the Constitution. Even during such extraordinary times, a person arrested should be able to insist that the deprivation of liberty should be according to some law and he should have the benefit of article 22(1) and 22(2). Clause 2 of the Bill provides that rights conferred by articles 21 and 22 of the Constitution should not be suspended even while a proclamation of emergency is in force. The new clause (8) sought to be added to article 22 by the Bill is designed to fulfil our commitment to restore the rule of law in its pristine glory.

The Manifesto of the Janata Party promised the abolition of the fundamental right of property. The Constitution (45th Amendment) Bill, 1978 provides for the repeal of article 19(1) (f) of the Constitution. Article 31(2) is the main bulwark of the right of property and as such this too ought to go. In consequence, clauses (2A), (2B), (3), (4), (5) and (6) of article 31 would also become redundant.

The right to property having destroyed as a fundamental right, it is not necessary to save any economic legislation from attack on the basis of other rights, such as article 14. Therefore, all Acts and Regulations in the Ninth Schedule to the Constitution must also be tested on the anvil of fundamental rights. In fact the primacy of all the fundamental rights must be fully restored. This can be given effect to by deleting articles 31A, 31B and 31C of and Ninth Schedule to the Constitution.

Part IVA had been introduced by the Forty-second Amendment of the Constitution for purposes of propaganda and to curtail the rights of citizens under the guise of high sounding slogans. Part IVA of the Constitution must be repealed. However, a new directive principle is sought to be added as article 51A after the existing article 51 in Part IV of the Constitution.

It was the intention of the founding fathers of the Constitution that the legislatures in this country should codify the powers, privileges and immunities of the legislatures, their members and committees and that when they are thus codified they will be subject to the fundamental rights of the citizens. The legislatures have failed in their constitutional duty

and have been content to enjoy the wide and uncontrolled powers, privileges and immunities possessed by the House of Commons of the United Kingdom. These are inconsistent with the republican character of our Constitution. Provision must therefore be made to compel the legislatures to embark upon legislation on this subject within the next two years.

Every person who is convicted by a court should have at least one right of appeal against his conviction. A person whose acquittal has been reversed by a High Court and who is sentenced to imprisonment for the first time must as of right be able to challenge his conviction before the Supreme Court irrespective of length of sentence imposed upon him. Article 134(1) (a) requires to be suitably amended.

The Janata Party has been returned on the votes of the unfortunate denizens of our sprawling slums throughout the country. The State Governments have been totally impervious to their sorry fate. Our commitment can only be met by Parliament taking over the powers to legislate in this vital sphere. It is, therefore, proposed to amend entry 23 in the Concurrent List of the Seventh Schedule to the Constitution which will enable Parliament to enforce effectively an all-India policy.

Hence this Bill.

NEW DELHI;

RAM JETHMALANI.

The 13th July, 1978.

BILL No. 155 OF 1978

A Bill further to amend the Life Insurance Corporation Act, 1956.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

Short
title and
com-
mence-
ment.

1. (i) This Act may be called the Life Insurance Corporation (Amendment) Act, 1978.

(ii) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

2. In the Life Insurance Corporation Act, 1956 (hereinafter referred to as the principal Act), for the words "Life Insurance Corporation", wherever they appear, the words "the Corporation" shall be substituted.

Amend-
ment of
section 2.

3. In section 2 of the principal Act, for clause (4), the following clause shall be substituted, namely:—

(4) "Corporation" means any of the Life Insurance Corporation established under section 3 and this expression shall include plural wherever the context so requires.

4. In section 3 of the principal Act,—

Amend-
ment of
section 3.

(i) for sub-section (1) the following sub-section shall be substituted namely:—

“(1) With effect from such date as the Central Government may by notification in the Official Gazette, appoint, there shall be established five Corporations called:—

- (i) the Life Insurance Eastern India Corporation,
- (ii) the Life Insurance Western India Corporation,
- (iii) the Life Insurance Northern India Corporation,
- (iv) the Life Insurance Southern India Corporation, and
- (v) the Life Insurance Central India Corporation.

(ii) In sub-section (2) for the words “The Corporation”, the words “Each of the Corporations” shall be substituted.

(iii) After sub-section (2) so substituted, the following sub-section (3) shall be inserted, namely:—

“(3) Each Corporation shall be an independent autonomous body and shall follow sound business principles and management practices in the conduct of its affairs.”

5. For section 4 of the principal Act shall be substituted by the following Section—

Amend-
ment of
section 4.

“4. Constitution of the Corporation—

(1) The Corporation shall consist of the following persons to be appointed by the Central Government:—

- (i) a nominee of the Central Government,
- (ii) a nominee of the Policy-holders’ Federation or Association, by whatever name called,
- (iii) a nominee of the Society of Actuaries,
- (iv) a nominee of the Indian Medical Council,
- (v) a nominee of the Chartered Accountants’ Association of India,
- (vi) a nominee of the Computer Society of India,
- (vii) a nominee of National Consumers’ Association, by whatever name called,
- (viii) an eminent economist,
- (ix) a nominee of the Indian Institute of Management of Ahmedabad, Calcutta or Bangalore,
- (x) a nominee of Institute for Financial Management and Research, Madras,
- (xi) an eminent trade unionist,
- (xii) a nominee of the apex body of the Co-operative movement,
- (xiii) a nominee of the National Council of Women,

(xiv) a person from amongst the officers of the Corporation.

(2) The Central Government may in addition to the persons referred to in sub-section (1) appoint other persons of standing and repute to the Corporation, but the total number of members of the Corporation shall not exceed seventeen.

(3) The Central Government shall appoint one of the members of the Corporation as the Chairman of the Corporation.

(4) The institutes or associations referred to in sub-section (1) may change their nominees as and when deemed fit.

Amend-
ment of
section 5.

6. In section 5 of the principal Act—

(i) in sub-section (1) for the words "The original capital of the Corporation shall be five crores of rupees" the words "The original capital of each Corporation shall be one crore of rupees" shall be substituted.

(ii) for sub-section (2) the following sub-section shall be substituted namely:—

"(2) The Central Government or the Corporation may reduce the capital of the Corporation to such extent and in such manner as may be deemed fit by either of them".

(iii) After sub-section (2) the following sub-section (3) shall be inserted, namely:—

"(3) Out of the existing capital of rupees five crores of the Life Insurance Corporation of India, one crore each shall be provided as capital by the Central Government to each of the Corporations.

Amend-
ment of
section 6.

7. In section 6 of the principal Act—

(i) sub-section (1), the following sub-section shall be substituted, namely:—

"(1) It shall be the general duty of the Corporation to carry on life insurance business, whether in or outside India, and the Corporation shall so exercise its powers under this Act as to secure that life insurance business is developed to the best advantage of the community, and in particular the Corporation shall provide protection against risks of death and other misfortunes of life to all the people of community in general and to vulnerable section of the society in particular at the most competitive rates and that the Corporation shall constantly endeavour to promote and protect the interests of policyholders and the persons who may seek life insurance."

(ii) In sub-section (2), in clause (b):—

(a) the words "subject to the rules, if any, made by the Central Government in this behalf", shall be deleted, and

(b) the following proviso, shall be inserted, namely:—

"Provided, however, the investments by the Corporation in Government Securities, if any, shall not exceed 5 per cent of the

total investments at any time, and any rule, direction or order inconsistent with this proviso shall have no effect whatsoever:

Provided further that the management of the funds of the Corporation shall be on sound principles of financial management so as to subserve, promote and protect the interests of the policy-holders."

(iii) Sub-section (3) shall be deleted.

8. On the appointed day, there shall be transferred to and vested in each Corporation assets and liabilities pertaining to the Life Insurance Corporation of India in the proportion of the business standing in the name of each existing zonal office of the Life Insurance Corporation of India.

Transfer
of assets
and
Liabili-
ties.

9. Section 18 of the principal Act shall be substituted by the following section namely:—

Amend-
ment of
section 18.

"18. The Central Office of Life Insurance Western India Corporation, Life Insurance Eastern India Corporation, Life Insurance Northern India Corporation, Life Insurance Central India Corporation and Life Insurance Southern India Corporation shall be at Bombay, Calcutta, Delhi, Kanpur and Madras respectively, and the Corporation may change the place of its Central Office and may establish other offices in such manner and at such places as it thinks fit."

10. Section 21 of the principal Act shall be omitted.

Omission
of section
21.

11. In section 22 of the principal Act:—

Amend-
ment of
section 22.

(i) sub-sections (1) and (2) shall be omitted.

(ii) In sub-section (3)—

(a) figure and brackets "(3)", shall be deleted,

(b) the words "for each zonal office" shall be deleted, and

(c) for the words, "the Zonal Manager" the words "the Corporation" shall be substituted.

12. Section 26 of the principal Act shall be numbered as sub-section (1) and after sub-section (1) as so renumbered, the following sub-section (2) shall be inserted, namely:—

Amend-
ment of
section
26.

"(2) The actuaries referred to in sub-section (1) shall be appointed by the Corporation who shall not be less than three in number and shall be appointed as follows:—

(i) one member will represent the Corporation.

(ii) two members will be nominated by the Policy-holders' Advisory Council from amongst the independent actuaries of repute and standing.

Amend-
ment of
section
26.

13. After section 26 of the principal Act, the following section 26A shall be inserted, namely:

"26A. (1) There shall be appointed by the Central Government in consultation with the Policy-holders' Advisory Council, a Committee at the interval of every five years for reviewing, considering and revising mortality tables.

(2) The above Committee shall comprise of the following persons:—

- (a) Controller of Insurance,
- (b) Surgeon General of India,
- (c) One of the Chief Actuaries of five Corporations,
- (d) A demographer of repute and standing,
- (e) Commissioner of Census, and
- (f) A nominee of the Association of Actuaries.

(3) The Committee may require any Corporation or any person to give such information and to produce such documents within their knowledge and in their possession, as it may deem necessary for carrying out its functions."

Substitu-
tion of
section
28.

14. For section 28 of the principal Act, the following Section shall be substituted, namely:—

"28. If, as a result of any investigation undertaken by the corporation under section 26, any surplus emerges, not less than ninety five per cent of such surplus shall be allocated to or reserved for the life insurance policy holders of the Corporation, and the remainder, if any, shall be utilized by the Corporation for such purposes as may serve the best interests of the Corporation:

Provided that any allocation to the Central Government shall not exceed ten per cent per annum of the capital contributed by the Central Government."

Constitu-
tion of
Rating
Commit-
tee.

15. After section 30 of the principal Act, the following sections shall be inserted, namely:—

"30A. (1) Each Corporation, in consultation with Policy-holders' Advisory Council, shall constitute every five years a Rating Committee to examine, review and revise—

- (i) the premium rates,
- (ii) surrender value and loan value and terms and conditions including eligibility for the same,
- (iii) introduction of new plans including term insurance plans,
- (iv) innovations in plans, and
- (v) such other matters as are connected with or incidental to the above.

(2) The Rating Committee shall consist of nine members as follows:

(i) One member shall be a retired High Court or Supreme Court Judge, to be the Chairman,

(ii) One member shall be an independent Actuary,

(iii) One member shall be a nominee of National Council of Applied Economic Research,

(iv) One member shall be a person having experience of accounting and financial matters,

(v) One member shall be a person representing the interest of policy holders,

(vi) One member shall be nominated by the Corporation,

(vii) One member shall be an expert in Management Science,

(viii) One member shall be a member of Parliament, and

(ix) One member shall be a nominee of the National Consumers' Association, by whatever name called.

(3) The Rating Committee may choose one or more persons possessing special knowledge of any matter to be examined by it, to assist the Rating Committee in determining any question which has to be decided by it under this Act.

(4) The Corporation shall announce the constitution of the Rating Committee by public notice and any person interested shall be entitled to make representation to the Rating Committee within 30 days of the publication of the said notice.

(5) The Rating Committee shall, after giving a reasonable opportunity of being heard to the Corporation and to the person who have made representations and after taking into consideration efficiency of operation and management and potentialities of the Corporation and the mortality rate prevailing during the relevant time, determine within six months from the date of its constitution the rates of premium, surrender value and loan value and terms and conditions including eligibility therefor which the Corporation may offer in respect of a plan or plans of life insurance, introduction of new plans and innovations in plans:

Provided that the said period of six months may be extended by a further period not exceeding three months by the Rating Committee if it so deems fit.

(6) Within one month of the determination of the matters referred to in sub-section (5), the report of the Rating Committee shall be caused to be published in the Official Gazette, and the Corporation shall forthwith give effect to its decisions:

Provided that, nothing in this sub-section shall be deemed to prevent the Corporation from reducing the premium rates or enhancing the surrender value and/or loan value so fixed.

(7) (i) The Rating Committee may act notwithstanding that any of its members is absent.

(ii) The Rating Committee shall hold its sittings at such places as may be specified in the notification.

(iii) The expenses of the Rating Committee shall be met by the Corporation.

(iv) The Rating Committee may require the Corporation to give such information, or to furnish such accounts and other documents in its possession or power, as may be specified by order.

Constitu-
tion of
Policy-
holders'
Advisory
Council.

30B. Each Corporation shall establish every five years a Policy-holders' Advisory Council which shall consist of not less than ten and not more than fifteen persons who shall be of repute and eminence in the fields of finance, accountancy, economics, management, medicine, actuarial science, consumers' movement, computed science and the persons representing policy-holders' interests. A Managing Director and the General Manager of the Corporation shall be ex-officio members of the said Council.

Constitu-
tion of
Tribunal.

30C (1) The Central Government shall constitute a Tribunal for deciding disputes relating to life insurance business or any matter of whatsoever nature touching or connected with the life insurance policy or the contract of life insurance policy or the contract of life insurance and the terms and conditions of the same if the parties thereto are from amongst the following:—

(a) a proposer or a person having insurable interest in any life,

(b) a policy-holder, his nominee, assignee, legal representative or executor,

(c) registered Consumers' Association or any member thereof,

(d) registered policy-holders Association or any member thereof,

(e) the Corporation, any member or officer or employee thereof.

(2) The Tribunal referred to in sub-section (1) shall consist of five members one of whom shall be a person who is, or has been a Judge of a High Court, and he shall be the Chairman thereof.

(3) The Tribunal may choose one or more persons possessing special knowledge of any matter relating to any case under inquiry, and one or more persons as assessors to assist the Tribunal in determining any question which has to be decided by it under this Act.

(4) Without prejudice to the generality of the power conferred on the Tribunal under sub-section (1), the said Tribunal shall have powers to decide the disputes regarding the following specific matters:—

(a) rejection by the Corporation of any proposal for life insurance or conditions such as lien, loading or any other condition subject to which proposals are accepted.

(b) the rate of premium offered or charged in respect of any life insurance plan,

(c) surrender value, paid-up value, lapsing of policy and revival of policy.

(d) settlement of claim in respect of any policy,

(e) any term or condition of proposed or executed life insurance contract and fairness thereof, and

(f) such other matters relating to, or connected with, consequential or incidental to life insurance business or any one or more of the aforesaid matters.

(5) The Tribunal may submit any question of law for the decision of the High Court and if it does so shall decide the question pending before it in accordance with such decision.

(6) An appeal shall lie to the High Court from an order of the Tribunal if it involves a substantial question of law.

(7) The Tribunal shall have the powers of a Civil Court while trying a suit under the Code of Civil Procedure 1908, in respect of the following matters:—

(a) summoning and enforcing the attendance of any person examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents,

(8) The Tribunal shall have power to regulate its own procedure and decide all matters within its competence, and may review any of its decisions in the event of there being a mistake on the face of the record or correct any arithmetical or clerical error therein.

16. In section 32 of the principal Act, the words “in any zonal office, divisional office or in any office outside India” and the words “with the addition on its face of the name of the zonal office, divisional office or other office where it is to be used shall be omitted.

Amendment of section 32.

17. Section 41 of the principal Act shall be omitted.

Omission of section 41.

18. In section 48 of the principal Act, in sub-section (2)—

(i) clause (g) shall be omitted.

Amendment of section 48.

(ii) in clause (h) the words “for each zonal office” shall be deleted.

19. In section 49 of the principal Act,—

(i) In sub-section (1), the words “with the previous approval of the Central Government” shall be omitted.

Amendment of section 49.

(ii) In sub-section (2), in clause (a), the words “to the Zonal Managers” shall be substituted by the words “and to whom these may be delegated.”

(iii) clause (d) shall be substituted by the following clause, namely—

“(d) the territorial limits of each of its offices and the business to be transacted in each such office”

(iv) clause (f) shall be omitted.

(v) In clause (g) the word “divisional” wherever it appears shall be omitted.

(vi) In clause (1) the words “various zonal offices, divisional offices and branch offices” shall be substituted by the words “various offices”.

STATEMENT OF OBJECTS AND REASONS

The Life Insurance Corporation was established by an Act of Parliament in 1956, when private insurance companies were nationalised. This was done with an avowed object to provide life insurance at low cost to the people of India. The Life Insurance Corporation, having assets worth more than Rs. 4,100 crores, around two crores policies and the new business having already crossed the figure of Rs. 1,000 crores since 1973, now has grown into an unwieldy monolithic structure. Besides in view of the above Corporation enjoying absolute monopoly of life insurance business, the people are deprived of the benefit of competition in business and satisfactory and efficient services. From the experience gained over a period of more than two decades, it is considered necessary that the Corporation should be split into five Corporations with liberty to carry on life insurance business throughout India and to compete with one another. The mortality tables and premium rates have not been revised since long despite the change in mortality rate over a period of time.

Further, the Corporation does not offer term insurance to all individual insurable lives at all insurable ages. As regards rejection of the proposal or as regards terms offered to the policy holders, the Corporation has the final say, and the aggrieved proposers or policyholders are without any remedy against the decisions of the Corporation on any matter. The Corporation has to invest its funds according to the directions given by the Central Government and, therefore, the Corporation is made to invest major portion of its funds into low yielding Government securities, whereby the policy holders stand to lose. If the Corporation is given complete freedom in investing its funds, undoubtedly, the investments will fetch higher returns which can augment policy holders' funds considerably and may lead to reduction in premiums and to a higher bonus. This in turn can result into increased life insurance business of the Corporation.

2. Accordingly, it is proposed to amend the Life Insurance Corporation Act, 1956, for splitting the Corporation into five Corporations, to make provision for revising mortality tables and premium rates.

3. It is also proposed to amend the Act to give complete freedom to the Corporations for investing their funds; to make provision for establishment of Tribunals for resolving the disputes between the policy holders and Corporations; to provide for the Constitution of Rating Committee for fixing reasonable premium rates, surrender value and loan value, and to provide for appointment of independent Actuaries for the purpose of valuation.

4. Opportunity is being taken to make certain formal amendments to the Act.

5. The Bill seeks to give effect to the above objects.

NEW DELHI;
The 7th August, 1978.

R. K. AMIN.

FINANCIAL MEMORANDUM

Clause 15 of the Bill proposes a new section 30C which seeks to provide for setting up of a Tribunal by the Central Government to decide disputes relating to life insurance business. A recurring expenditure of about rupees seventy-five thousand is likely to be involved from the Consolidated Fund of India, in case the Bill is enacted.

No non-recurring expenditure is likely to be incurred.

AVTAR SINGH RIKHY,
Secretary.